

owwo

For KCC Use:
Effective Date: 3-7-06
District #: 1
SGA? [X] Yes [] No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: March 3 2006
month day year

Spot: C - NE - SW Sec. 6 Twp. 24 S. R. 18
1980 feet from N / [X] S Line of Section
1980 feet from E / [X] W Line of Section
Is SECTION [X] Regular [] Irregular?

OPERATOR: License# 30420
Name: VJI Natural Resources Inc.
Address: 30-38 48th St.
City/State/Zip: Astoria, New York 11103
Contact Person: Jason Dinges
Phone: 785-625-8360

(Note: Locate well on the Section Plat on reverse side)
County: Edwards
Lease Name: Katz Well #: 1 SWD (owwo)
Field Name: Nightingale Ext.

CONTRACTOR: License# 33645
Name: Plains, Inc.

Well Drilled For: [] Oil [] Gas [X] OWO [] Seismic; # of Holes [] Other
Well Class: [] Enh Rec [] Storage [X] Disposal [] Infield [] Pool Ext. [X] Wildcat [] Other
Type Equipment: [X] Mud Rotary [] Air Rotary [] Cable

Is this a Prorated / Spaced Field? [] Yes [X] No
Target Formation(s): Cedar Hills
Nearest Lease or unit boundary: 1980
Ground Surface Elevation: 2131 feet MSL
Water well within one-quarter mile: [] Yes [X] No
Public water supply well within one mile: [] Yes [X] No
Depth to bottom of fresh water: 80
Depth to bottom of usable water: 400
Surface Pipe by Alternate: [X] 1 [] 2
Length of Surface Pipe Proposed to be set: Gased Hole - Pipe in Hole 438'
Length of Conductor Pipe required: n/a
Projected Total Depth: 1225
Formation at Total Depth: cedar hills
Water Source for Drilling Operations: [] Well [X] Farm Pond Other
DWR Permit #:
Will Cores be taken? [] Yes [X] No
If Yes, proposed zone:

If OWWO: old well information as follows:
Operator: TGT Petroleum Corporation
Well Name: Katz #1 SWDW
Original Completion Date: 6-07-85 Original Total Depth: 4650

Directional, Deviated or Horizontal wellbore? [] Yes [X] No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.
It is agreed that the following minimum requirements will be met:
1. Notify the appropriate district office prior to spudding of well;
2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;
3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing.

RECEIVED
FEB 27 2006
KCC WICHITA

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.
Date: 2-24-06 Signature of Operator or Agent: Jason Dinges Title: agent

For KCC Use ONLY
API # 15 - 047-21253-00-01
Conductor pipe required NONE feet
Minimum surface pipe required 438' feet per Alt. [X]
Approved by: JPDW 3-2-06
This authorization expires: 9-2-06
(This authorization void if drilling not started within 6 months of approval date.)
Spud date: Agent:

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.
[] Well Not Drilled - Permit Expired
Signature of Operator or Agent:
Date:

6
24
1860

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

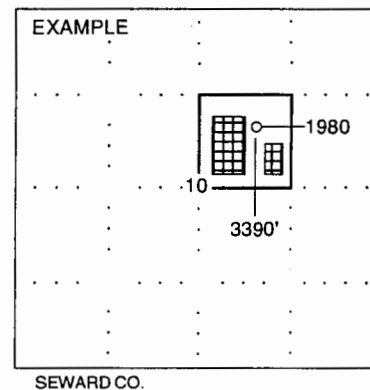
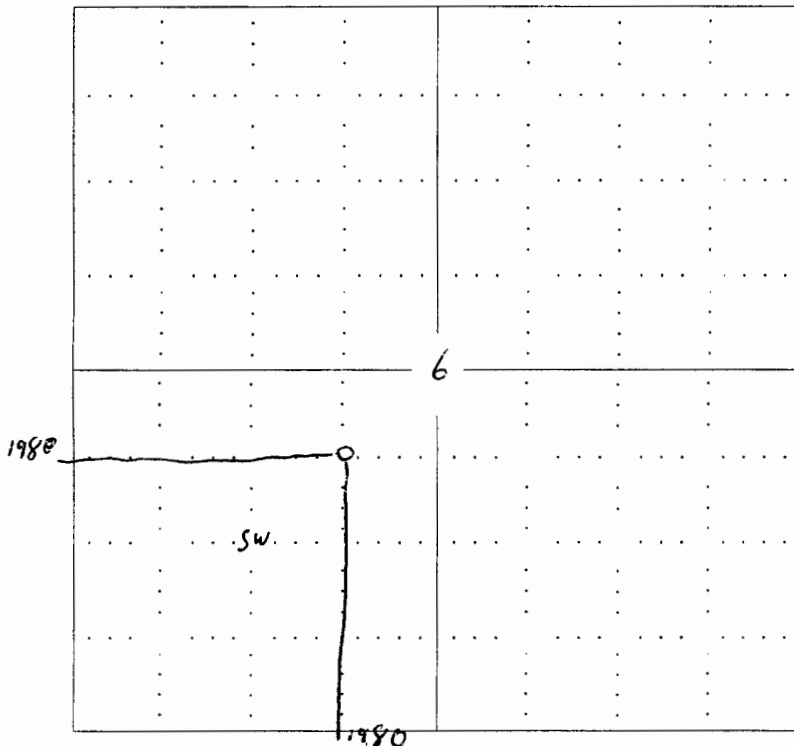
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 _____
 Operator: VJI Natural Resources Inc.
 Lease: Katz
 Well Number: #1 SWDW (CWWO)
 Field: Nightingale Ext.
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - _____ - _____

Location of Well: County: Edwards
 _____ 1980 feet from N / S Line of Section
 _____ 1980 feet from E / W Line of Section
 Sec. 6 Twp. 24 S. R. 18 East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

PLAT

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)*



NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

February 28, 2006

Mr. Jason Dinges
VJI Natural Resources, Inc.
30-38 48th St.
Astoria, New York 11103

Re: Drilling Pit Application
Katz OWWO Lease Well No. 1 SWD
SW/4 Sec. 06-24S-18W
Edwards County, Kansas

Dear Mr. Dinges:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources. District staff has recommended that the reserve pit be lined. If a plastic liner is to be used it must have a minimum thickness of 10 mil. Integrity of the liner must be maintained at all times. The free fluids in the reserve pit should be removed as soon as practical after drilling operations have ceased.

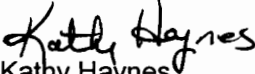
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Also, please file the enclosed CDP-5 form, Surface Pond Waste Transfer, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,


Kathy Haynes

Environmental Protection and Remediation Department

cc: S Durrant